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10/12/93 7-7985
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AID/AFR/EA:LLLOYD

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ROUTINE AMEMBASSY KIGALI

RELEASED IN FULL

ROUTINE

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: PRESIDENT HABYARIMANA MEETING WITH AID

1. PRESIDENT HABYARIMANA MET ON FRIDAY, OCTOBER 8 WITH AMBASSADOR JIM MICHELS, ACTING AID ADMINISTRATOR. THE PRESIDENT WAS ACCOMPANIED BY THE MINISTER OF PLAN, AUGUSTIN NGIRATABATWARE, AND AMBASSADOR ALOYS UWIMANA OF THE RWANDAN EMBASSY IN WASHINGTON. AMBASSADOR MICHELS WAS ACCOMPANIED BY DICK COBB, THE DEPUTY ASSISTANT ADMINISTRATOR FOR AFRICA, AND GARY NELSON, USAID MISSION DIRECTOR FROM KIGALI.

2. THE PRESIDENT FOCUSSED HIS DISCUSSION ON AN APPEAL FOR US SUPPORT WITH THE OTHER DONORS, IN PARTICULAR WITH THE BRETTON WOODS INSTITUTIONS, TO ENCOURAGE CONTINUATION OF THE STRUCTURAL ADJUSTMENT PROGRAM. THE PRESIDENT SEEMED CONCERNED THAT RWANDA MIGHT BE DROPPED FROM THE LIST OF COUNTRIES IN THE WORLD BANK'S SPECIAL PROGRAM FOR AFRICA (SPA) DURING THE MEETINGS IN PARIS LATER THIS MONTH. HE ASKED FOR US SUPPORT TO ASSURE THAT RWANDA CONTINUE TO BE SUPPORTED IN THIS FORUM.

3. THE PRESIDENT THANKED AID FOR ITS CONTINUING SUPPORT DURING RWANDA'S TIME OF TRIALS, POINTING OUT THAT WE WERE

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: FRANK TUMMINIA
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THE ONLY PARTNER THAT DISBURSED MACROECONOMIC SUPPORT FUNDS IN THE PAST SEVERAL MONTHS. HE REAFFIRMED HIS COMMITMENT TO PEACE AND A MULTI-PARTY DEMOCRACY, EVEN THOUGH HE POINTED OUT THAT A MULTIPARTY APPROACH WAS NOT AN EASY ONE TO IMPLEMENT AND THAT PEACE WAS AN EXPENSIVE PROPOSITION. HE NOTED WITH APPRECIATION THE SUPPORT WHICH IS NOW ENVISIONED FROM THE UNITED NATIONS AND LOOKED FORWARD TO THE MOBILIZATION OF THE FIRST UNITED NATIONS FORCES DURING THIS MONTH. HE ALSO POINTED OUT THE MANY TASKS TO BE UNDERTAKEN TO IMPLEMENT THE ARUSHA ACCORD - RECONSTRUCTION, RETURNING DISPLACED PERSONS, RETURNING REFUGEES, AND DEMOBILIZATION OF UP TO 30,000 MEMBERS OF THE RWANDAN AND RPF FORCES. ON THE LATTER POINT HE EMPHASIZED THAT THE DEMOBILIZED SOLDIERS WILL NEED A TRANSITION PHASE, THAT THEY CANNOT BE JUST RETURNED TO THE HILLS. TRAINING PROGRAMS, EDUCATION PROGRAMS AND OTHER SPECIAL PROGRAMS WILL HAVE TO BE DEVELOPED AND IMPLEMENTED.

4. AMBASSADOR MICHELS DISCUSSED THE CHALLENGE PRESENTED BY THE TRANSITION IN PEACE FOR A PROSPEROUS AND PARTICIPATORY FUTURE FOR RWANDA. WITH PEACE WE CAN LOOK FORWARD TO GROWTH AND DEVELOPMENT. THE LEVEL OF US SUPPORT DEPENDS ON THE RWANDAN SUCCESS IN ECONOMIC AND POLITICAL REFORM. FOREIGN ASSISTANCE IS COMPETING WITH OTHER US PROGRAMS AND THE NEW ADMINISTRATION IS SETTING PRIORITIES BASED ON DEVELOPMENT PRINCIPLES. USAID WILL BE INVESTING IN GOOD PROGRAMS AND PROJECTS WHICH DEMONSTRATE SOLID PROGRESS.

5. THE MINISTER OF PLAN REEMPHASIZED THE IMPORTANCE OF REMAINING AS ONE OF THE SPA COUNTRIES EVEN THOUGH THE NEW STRUCTURAL ADJUSTMENT PROGRAM WITH THE IBRD IS NOT YET APPROVED. HE POINTED OUT THAT THE GOVERNMENT OF RWANDA HAS A TIMING PROBLEM IN THAT THEIR CASHBOX IS EMPTY NOW BUT THE BANK/IMF TEAMS TO DISCUSS FUTURE STABILIZATION AND STRUCTURAL ADJUSTMENT PROGRAMS ARE JUST GOING TO THE FIELD SO THEIR PROGRAMS WILL NOT BE IN PLACE IMMEDIATELY TO HELP MEET THE URGENT NEEDS. HE EXPRESSED HOPE THAT THE USAID BUDGET REFORM PROGRAM WOULD PROCEED RAPIDLY TO PERMIT DISBURSEMENT OF HARD CURRENCY WHICH IS URGENTLY NEEDED FOR KEEPING ESSENTIAL IMPORTS MOVING.

6. MR. COBB ENCOURAGED THE PRESIDENT AND THE MINISTER TO PUSH FORWARD TO REACH AGREEMENT WITH THE BANK AND THEN TO MEET WITH THE DONORS TO TIE DOWN THE DETAILS. HE EMPHASIZED THE IMPORTANCE OF THE BANK IN LEADING THIS PROCESS. THE PRESIDENT RESPONDED THAT THEY HAD AN EXCELLENT EXPERIENCE WITH THIS IN 1991 WHEN THE FIRST STRUCTURAL ADJUSTMENT PROGRAM WAS INITIATED UNDER

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LEADERSHIP OF THE BANK IN A MEETING IN PARIS BUT HE HOPED THAT WE WOULD INTERVENE WITH THE BANK AND FUND TO ENCOURAGE THIS APPROACH.

7. AMBASSADOR MICHELS SUGGESTED THAT THE PRESIDENT AND MINISTER OF PLAN CONSIDER ASKING THE WORLD BANK TO CONVENE A SPECIFIC MEETING ON THE ECONOMIC SITUATION WITH THE IMF INVITED TO PRESENT THE NEEDS FROM A STABILIZATION POINT OF VIEW, THE BANK FROM A STRUCTURAL ADJUSTMENT POINT OF VIEW, AND THE UNDP FROM A "APRES GUERRE" POINT OF VIEW. THIS SINGLE MEETING WITH DONORS ADDRESSING ALL THE MAJOR ISSUES, UNDER THE AUSPICES OF THE WORLD BANK, COULD BE THE CORE OF A SALES PROGRAM BY THE GOVERNMENT OF RWANDA. HE ADDED THAT AID WOULD SUPPORT THIS CONCEPT WITH THE BANK AND OTHER DONORS IF THE GOVERNMENT DECIDED TO PURSUE THIS ROUTE.

8. IN SUMMARIZING, AMBASSADOR MICHELS STATED THAT AID AGREED TO THE FOLLOWING:

- 1-TO CONTINUE OUR BILATERAL SUPPORT,
- 2-TO SUPPORT THE GOR EFFORTS AT STRUCTURAL ADJUSTMENT, AND
- 3-TO KEEP RWANDA IN THE FOREFRONT OF DISCUSSIONS WITH OTHER DONORS YY

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